

REMARKS/ARGUMENT

This paper is responsive to the Office Action mailed September 15, 2004. Claims 1-64 are pending. Claims 7, 37, 61, 63 and 64 have been amended for clarification purposes only, without narrowing the claims. Claims 1, 19, 27, 37, 48, 59 and 61-64 are independent claims.

The Examiner returned the form PTO/SB08B that was filed with the Information Disclosure Statement dated January 30, 2004. However, WO 93/15467 was not initialed because it could not be found in the file. Applicants submit herewith a duplicate of that document. Since that paper was submitted with the original IDS, this is not a new IDS and no fee is due. The Examiner is requested to initial all of the entries on the PTO/SB08B in the next Office Action.

Claims 1, 49, 61, 63 and 64 were rejected under 35 U.S.C. § 112, second paragraph, as indefinite. The claims have been carefully reviewed. As to claims 1 and 49, Applicants traverse. In claim 1, it is believed clear that the body of the claim relates to elements of an anonymous trading system and that this claim clearly meets the requirements of Section 112. In claim 49, it is quite clear from the claim language as it stands that the traders are coupled to the broker terminal.

Claim 61 has been somewhat rearranged, without in any way narrowing its scope. As amended, it is even more clearly in the form of an independent claim. Claims 63 and 64 have been amended without changing their scope to recite in the body of the claim what is already implicitly recited. It is believed that the rejection under Section 112, second paragraph, has been obviated, and its withdrawal is therefore respectfully requested.

Claims 37 to 47 were rejected under 35 U.S.C. § 101 as directed to non-statutory

subject matter. The amendment to claim 37 is believed to overcome the rejection under Section 101 and its withdrawal is requested.

Claims 1-7, 19, 27, 48, 59, 61 and 62 were rejected under 35 U.S.C. § 102(b) U.S. Patent 5,375,055 (Togher). Claims 8-26, 30-36, 49-58, 60, 63 and 64 were rejected under 35 U.S.C. § 103 over Togher in view of U.S. Patent 5,802,499 (Sampson et al.). Applicants traverse and submit that the independent claims are patentable for at least the following reasons.

As was pointed out in the previous response, in an anonymous trading system, such as the Togher patent, the parties do not know the identity of counterparty bids and offers that they see displayed on their screens. To assure that trading only takes place with counterparties with which a party is willing to trade, each party trading on the system will set credit limits for trades with all other possible counterparties on the system.

Such a system will screen the bids and offers that are displayed to any given trading floor to eliminate those with which the trading floor does not have sufficient credit. Thus, the only bids and offers that are displayed to a trading floor are those which the party and counterparty can deal, taking into account the credit limits. These credit limits can be updated, for example, at the beginning of each trading day by a bank's trading floor administrator.

In a conventional anonymous trading system, such as the Togher system, at the completion of each deal, the amount of the deal is subtracted from the credit limit for further deals with the same counterparty. However, in the conventional system, the sense of the deal, that is whether it is a buy or sell, is *not* taken into account.

Thus, in Togher, as was pointed out in the previous response, if a bank has credit of \$100M with another bank, sells \$50M to that other bank and then buys back \$50M, the

credit limit is adjusted by \$50M each time so that the total credit usage is \$100M. In other words, there is no credit left and no further deals can be done with that party until the credit limit is adjusted.

The present invention, as defined by the independent claims, on the other hand, takes into account the sense of a trade so that a buy trade has the opposite effect on the credit limit to a sell trade. As a result, the total exposure with regard to credit is based on a netting of trades between the traders.

However, in the Office Action, the position was taken that somehow Togher teaches that the sense of the deal is taken into account after each trade. In particular, the Examiner points out col. 1, lines 23-54, col. 2, lines 21-37 and lines 48-68 and col. 12, lines 44-51.

Col. 1, lines 23-54 is part of the description of the Reuters system. This section shows that in the Reuters system, the remaining credit from one party to another party is the initial credit limit less *any* applicable transactions that have already been executed. Thus, the Reuters system shows no teaching whatsoever of taking into account the sense of the deal in adjusting the credit limit amount for transactions. On the contrary, the amount of *any* transaction is subtracted from the credit limit.

Col. 2, lines 21-37 and lines 48-68 are related to Togher's invention. These sections of Togher do not relate in any way to how the credit limits are adjusted for a particular transaction and thus contain no teaching or remote suggestion that the Togher system takes into account the sense of a trade so that a buy trade has the opposite effect on the credit limit to a sell trade. Similarly, col. 12, lines 44-51 simply refers to the provision of a warning if a specified percentage of available credit has been used up. Such a warning would allow a trader to, for example, increase the amount of the credit limit. However, this has no bearing on how the credit limits are affected *by a transaction*. There is no teaching that

Togher does anything other than subtract the absolute value of any trade, whether a buy or a sell, from the credit limit as a result of a transaction.

In fact, Togher teaches that a maximum business day credit limit represents the maximum *cumulative* value of trades that may be executed by all traders of the trading floor with the designated counterparty, *not* the net value. Col. 12, lines 36-40. There is no teaching or suggestion of treating buy trades differently from sell trades.

Independent claim 63 recites, *inter alia*, a credit engine that comprises a credit adjuster for varying the credit available to a party for further trades by the amount of an executed deal, the amount of available credit being varied in an opposite direction for a buy deal to a sell deal. This adjustment has similar advantages to the credit netting feature recited in the other independent claims and is neither taught nor suggested in Togher, as is alleged in the Office Action. Claim 64 recites a similar feature and is believed patentable for similar reasons.

In view of the above, it is believed clear that all of the independent claims are patentable over Togher. The other cited references are not believed to remedy the deficiencies of Togher as a reference against the independent claims.

The other claims in this application are each dependent from one or another of the independent claims discussed above and are therefore believed patentable for the same reasons. Since each dependent claim is also deemed to define an additional aspect of the invention, however, the individual reconsideration of the patentability of each on its own merits is respectfully requested.

In view of the foregoing amendments and remarks, Applicants respectfully request favorable reconsideration and early passage to issue of the present application.

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Respectfully submitted,

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